

C. DUKES SCOTT
EXECUTIVE DIRECTOR

1401 Main Street, Suite 900
Columbia, SC 29201



Phone: (803) 737-0800
Fax: (803) 737-0986

DAN E. ARNETT
CHIEF OF STAFF

JOHN W. FLITTER
DIRECTOR
ELECTRIC & GAS REGULATION

June 23, 2011

VIA ELECTRONIC-DELIVERY

The Honorable Jocelyn G. Boyd
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Request of South Carolina Electric & Gas Company for an Accounting Order Seeking Authorization to Capitalize the Costs Incurred from the Removal and Relocation of a Spare Generating Step-up Transformer From V.C. Summer Nuclear Station to the Arthur M. Williams Generating Station
Docket No. 2011-213-E

Dear Ms. Boyd:

The purpose of this letter is to inform the Public Service Commission that the Office of Regulatory Staff ("ORS") has reviewed the above referenced filing and has met and discussed this matter with South Carolina Electric & Gas Company ("SCE&G" or "Company") personnel. In addition to the specifics in the Company's Application, our discussions revealed that this Spare Step-up Transformer is classified as transmission property and if placed into service would not be assigned to a specific generating station regardless of its final location. Instead it would remain in the transmission plant account. SCE&G has also agreed to use its lower system composite depreciation rate for step-up transformers of 2.21% for this spare until such time as it is inserted into the Company's transmission system, whereupon the depreciation rate will revert to the rate of the plant to which it is deployed. Contingent upon inclusion of these items in the approval, ORS has no objection to the Company's Request.

(Continued...)

Thank you for the opportunity to provide our comments in this matter.

Sincerely,



John W. Flitter

JWF/swh

cc: Dan F. Arnett, Chief of Staff, SC ORS
Nanette S. Edwards, Chief Counsel, SC ORS
Jeffrey M. Nelson, Esquire, SC ORS
K. Chad Burgess, Associate General Counsel, SCANA
Matthew W. Gissendanner, Counsel, SCE&G
Dr. James Spearman, Executive Assistant, SC PSC